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CLASSIFIED BY: Margaret Scobey, Ambassador; REASON: 1.4(B), (D)

¶1. (SBU) Director Mueller, I warmly welcome you to Cairo. Your visit provides the opportunity to review and reinforce our strong law enforcement cooperation with the State Security Investigative Service (SSIS), which is under the auspices of Minister of Interior Habib Al Adly (we have requested separate meetings with Adly and SSIS Director Hasan Abdul-Rahman) and other Egyptian agencies involved in law enforcement and counter-terrorism issues. We have also requested meetings with President Hosni Mubarak, Director of Egyptian General Intelligence Omar Soliman and Prosecutor General Abdel Magid Mahmoud.

¶2. (C) Building upon the optimism generated by a new U.S. administration and President Obama's well-received June 4 speech in Cairo, we resumed in June our Strategic Dialogue and set in place a new framework for regular bilateral meetings with the Egyptians to explore areas for cooperation and coordination, including examining our respective assessments of strategic threats such as Iran. The most recent meeting was hosted by Under Secretary of State Burns in December in Washington. We are exploring other ways to translate this sense of goodwill into concrete action, including a renewed focus in our bilateral assistance programs on human capacity development and strengthening Egypt's ability to compete in education, science, and technology. We also recommend you seek an opportunity to express concern about the continuation of the Emergency Law.

Regional Security: Iran, the Peace Process

¶3. (S/NF) President Mubarak sees Iran as Egypt's -- and the region's -- primary strategic threat. Egypt's already dangerous neighborhood, he believes, has only become more so since the fall of Saddam, who, as nasty as he was, nevertheless stood as a wall against Iran. He now sees Tehran's hand moving with ease throughout the region, "from the Gulf to Morocco." The immediate threat to Egypt comes from Iranian conspiracies with Hamas (which he sees as the "brother" of his own most dangerous internal political threat, the Muslim Brotherhood) to stir up unrest in Gaza, but he is also concerned about Iranian machinations in Sudan and their efforts to create havoc elsewhere in the region, including in Yemen, Lebanon, and even the Sinai, via Hezbollah. While Tehran's nuclear threat is also a cause for concern, Mubarak is more urgently seized with what he sees as the rise of Iranian surrogates (Hamas and Hezbollah) and Iranian attempts to dominate the Middle East.

¶4. (S/NF) Egypt continues to support our efforts to resume negotiations between the Israelis and Palestinians and maintains a regular dialogue with all sides. Egyptian sponsored negotiations on Palestinian reconciliation are ongoing. Egypt's objectives are to avoid another Gaza crisis while eroding Hamas' power and ultimately returning the Palestinian Authority to Gaza.

Strong Counter-Terrorism Relationship

¶5. (SBU) The U.S. has both an extradition and a mutual legal assistance treaty with Egypt. We maintain close cooperation on a broad range of counter-terrorism and law enforcement issues.

¶6. (C) Egypt suffered major domestic terror attacks in 2005 (a CAIRO 00000179 002 OF 003

simultaneous triple bombing in Sharm El Sheikh, which killed 88 and wounded 200), and in 2006 (triple bombing popular in the popular tourist town of Dahab, which killed 24 people). In February 2009, a bomb exploded in the popular Khan El Khalili market place, killing a French teenager and wounding a number of foreign tourists. A number of Egyptians and foreigners are in custody while security services investigate. In late 2008, the GOE used the Emergency Law to arrest members of a Hezbollah cell on suspicion of targeting U.S. and Israeli ships transiting the Suez Canal. The trial in a State Security Emergency court is ongoing. In July 2009, the GOE used the Emergency Law to arrest a group of 25 Egyptians and one Palestinian on suspicion of weapons smuggling to Gaza, building drones to assist Hamas, and according to one of their lawyers, assisting in the February 22 Khan Al-Khalili market bombing, among other crimes. They are also accused of killing a Coptic jeweler and three of his employees in Cairo's Zeitoun neighborhood in May 2008 to finance their activities. Members of this cell are in detention awaiting trial.

¶7. (C) The Egyptian government's active opposition to Islamist terrorism and effective intelligence and security services makes Egypt an unattractive safe haven for terror groups. However, Egypt's northern Sinai region is a base for the smuggling of arms and explosives into Gaza, and a transit point for Gazan Palestinians. Palestinian officials from Hamas have also carried large amounts of cash across the border. The smuggling of weapons and other contraband through the Sinai into Israel and the Gaza Strip have created criminal networks that may be associated with terror groups in the region. Recent violence by some Sinai Bedouin may be linked in part to these smuggling networks and Egyptian efforts to dismantle them.

¶8. (C) Many of the Egyptian government's far-reaching powers in the realm of counter-terrorism come from a broad-reaching Emergency Law, which has been in force almost continuously since 1967 (ref A). The government has committed to lifting the State of Emergency and replacing it with a counterterrorism law. Disagreements over the law between the Interior Ministry and other agencies have focused on the MOI's interest in long pre-trial detention, and progress on the law has stalled. It will be useful to stress the USG's interest in GOE passage of a counterterrorism law that will protect civil liberties.

Internal Politics and Economics

¶9. (C) We continue to promote democratic reform in Egypt, including the expansion of political freedom and pluralism, and respect for human rights. We have urged the GOE to replace the State of Emergency, in place almost continuously since 1967, with counterterrorism legislation that protects civil liberties. While often used to target violent Islamic extremist groups, the GOE has also used the Emergency Law to target political activity by the Muslim Brotherhood, writers, activists and others. The Interior Ministry uses SSIS to monitor and sometimes infiltrate the political opposition and civil society, and to suppress political opposition through arrests, harassment and intimidation.

¶10. (C) The GOE remains skeptical of our role in democracy promotion, complaining that any efforts to open up will result in empowering the Muslim Brotherhood, which currently holds 86 seats -- as independents -- in Egypt's 454-seat parliament. Elections for the upper house of the parliament, or the Shura Council, are to be held in June 2010 and elections for the lower house of parliament or the People's Assembly are now scheduled for October 2010. Presidential elections will be held in 2011. President Mubarak, in power for over 28 years, has not announced whether he will run again. Some believe that he is grooming his son, Gamal Mubarak, to succeed him as President.

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¶11. (U) Egypt has made some progress on economic reform, and the country saw growth rates averaging more than 7% from 2005-2008. However, the impact of the economic expansion has not been felt by all segments of the population, and approximately 40% of Egyptians live on less than \$2 per day. High inflation has also negatively impacted the standard of living for many Egyptians. In 2009, as exports, Suez Canal revenues, tourism, and remittances all declined in the face of the global economic crisis, GDP growth slowed to 4.5%. The growth rate is expected to improve to 5.4% in 2010. US-Egyptian trade reached roughly \$7.5 billion in 2009, with the US exporting to Egypt more than twice what it imports.

Police Brutality and Human Rights Abuses

¶12. (C) Egypt's police and domestic security services continue to be the subject of persistent, credible allegations of abuse of detainees. Police brutality in Egypt against common criminals is routine and pervasive, resulting in part from poor training and understaffing. Over the past five years, the government has acknowledged that torture takes place, but maintains that it is unusual, and is committed by a small minority of officers. Since late 2007, courts have sentenced approximately 18 police officers to prison terms for torture and killings. The GOE has not yet made a serious effort to transform the police from an instrument of regime power into a public service institution, but there are indications that the government is allowing the courts increased independence to adjudicate some police brutality cases. Credible human rights lawyers believe the GOE is adapting to increased media and blogger scrutiny of torture cases by intimidating victims into dropping cases against the Interior Ministry (ref C). During his January 12-14 visit to Cairo, Assistant Secretary of State for

Democracy, Labor and Human Rights Posner raised the issue of police brutality with SSIS Director Rahman (ref B). Your meetings would be a useful opportunity to reinforce this message and offer continued USG assistance in training and education.

SCOBAY